

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 NEA-10 ISO-00 SCEM-02 INT-08 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 IO-14

AID-20 COME-00 FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 STR-08 CEA-02 DRC-01 SCI-06 /221 W
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R 260959Z NOV 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9389

AMEMBASSY JIDDA

INFO AMEMBASSY BANGKOK

ANCONSUL HONG KONG 3558

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

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E O 11652: N/A

TAGS: ENRG, RP

SUBJ: CRUDE OIL SUPPLY TO THE PHILIPPINES

REF: A) MANILA 12921; B) JAKARTA 13765 (NOT SENT TO JIDDA)

1. GOP SOURCES REPORT FOREIGN SECRETARY ROMULO HAS
CABLED PRESIDENT MARCOS FROM SAUDI ARABIA THAT
DISCUSSIONS THERE HAVE BEEN SUCCESSFULLY CONCLUDED
FOR SUPPLY OF CRUDE OIL TO PHILIPPINES. GOP
OFFICIALS, INCLUDING EXECUTIVE SECRETARY
MELCHOR, APPEAR CONFIDENT THAT ADEQUATE CRUDE SUPPLY
HAS BEEN ARRANGED BUT INDICATE THAT GASOLINE RATIONING,
PRIORITY ALLOCATION ARRANGEMENTS AND OTHER
CONSERVATION MEASURES ARE TO CONTINUE IN FORCE. THERE
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HAS BEEN NO PUBLIC ANNOUNCEMENT OF CRUDE SUPPLY

ARRANGEMENTS, ALTHOUGH PRESIDENT MARCOS HAS MADE SEVERAL OPTIMISTIC STATEMENTS ABOUT RESOLVING SUPPLY PROBLEM.

2. WHILE GOP REQUEST TO ASEAN PARTNERS INDONESIA AND MALAYSIA FOR CRUDE SUPPLY HAS BEEN WELL PUBLICIZED, WE HAD NOT BEEN AWARE OF INDONESIAN EFFORTS DESCRIBED REF B FOR DIRECTOR OF PERTAMINA, IBNU SUTOWO, TO ARRANGE SUBSTANTIAL SAUDI OIL SUPPLY CONTRACT FOR PHILIPPINES. ACCORDING REF B, THIS ARRANGEMENT, AS WELL AS SUPPLY BEING NEGOTIATED BY ROMULO, STIPULATED THAT OIL MUST BE USED IN FILIPINO-OWNED REFINERY. GOP HAS ASKED MOBILE TO CLARIFY WHETHER THIS STIPULATION REQUIRES 100 PERCENT OWNER-SHIP OR WOULD TOLERATE SOME AMERICAN EQUITY.

3. WE WOULD APPRECIATE ANY INFORMATION EMBASSY JIDDA MAY HAVE TO CONFIRM SAUDI CRUDE SUPPLY ARRANGEMENTS FOR GOP EITHER THROUGH MEDIATION OF INDONESIA OR NEGOTIATED BY ROMULO. OF INTEREST IS FACT THAT MELCHOR IN RECENT CONVERSATION WITH DCM PLAYED DOWN ROMULO'S ROLE IN OIL NEGOTIATIONS.

4. AS PART OF CURRENT NEGOTIATIONS BETWEEN GOP AND ESSO FOR ACQUISITION OF BATAAN REFINERY CORPORATION, ESSO HAS OFFERED THREE-YEAR CRUDE SUPPLY CONTRACT BASED ON ESSO'S PLANNED CRUDE DELIVERIES TO PHILIPPINES FOR 4TH QUARTER, CY 1973, SUBJECT TO FORCE MAJEURE MODIFICATIONS. POSSIBILITY LEFT OPEN FOR GOP PURCHASE OF ADDITIONAL CRUDE UNDER CONTRACT. ASKED ABOUT RELATIONSHIP OF PROPOSED ESSO SUPPLY CONTRACT TO DIRECT GOP PURCHASES FROM SAUDI GOVERNMENT, ESSO OFFICIAL STATED SAUDI GOVERNMENT IS ENFORCING CEILING ALLOCATION FOR EACH COUNTRY OF DESTINATION, AND ANY DIRECT SALE WOULD BE OFFSET BY REDUCTION IN SUPPLIES THROUGH INTERNATIONAL COMPANIES.

5. ACCORDING TO PHILIPPINE NEWS AGENCY, SPOKESMAN FOR PRC TRADE DELEGATION NOW VISITING PHILIPPINES STATED THAT "OIL SUPPLY TO PHILIPPINES IS AVAILABLE" FROM CHINA ALTHOUGH GOP HAD NOT YET MADE LIMITED OFFICIAL USE

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OFFICIAL REQUEST. WE DO NOT KNOW IF GOP INTENDS MAKE SUCH REQUEST, BUT POSSIBILITY OF CRUDE OIL SUPPLY IS BELIEVED ON AGENDA OF GOP DISCUSSIONS WITH TRADE DELEGATION.
SULLIVAN

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